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E.O. 12958: DECL: 08/02/2016
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SUBJECT: MEXICAN TRANSPORT U/S ON CROSS-BORDER
TRANSPORTATION AND INFRASTRUCTURE PROJECTS

Classified By: MINISTER COUNSELOR FOR ECONOMIC AFFAIRS VLAD
SAMBAIEW FOR REASONS 1.4 (B) AND (D)

Summary

11. (C) Econ Mincouns and Econoff met with Mexican Undersecretary of Communications and Transport (SCT) Aaron Dychter on July 31, 2006. Dychter is concerned that leaks about a proposed cross-border trucking pilot program could have negative effects on the ability to implement the program in the future. However, he hopes both sides will continue working out the technical aspects of the program so they are prepared to implement it soon after an announcement is made. Dychter also discussed potential projects and funding opportunities for cross-border transportation and infrastructure projects, including the use of the North American Development Bank (NAD Bank). End Summary.

Trucking

12. (C) Econ Mincouns and Econoff met July 31 with U/S of SCT Aaron Dychter. U/S Dychter apologized for the Secretariat of Economy's leaking word of the cancellation of the cross-border trucking pilot program. However, he also expressed concern that a Department of Transportation official mentioned the program in an interview in the July 24 Edition of Traffic World magazine. He said it is important not to get industry spun up on the prospects for the program at this time. He noted that both sides need to stress the importance of the program to bilateral safety, security, and competitiveness. Dychter also wants the technical group to continue meeting to hash out the details of the program prior to a future announcement.

Cross-Border Transport Projects

13. (SBU) Dychter said that both the GOM and the U.S. must concentrate on developing cross-border transportation and infrastructure projects, but noted that security cannot be sacrificed for faster trade. SCT is currently studying how the GOM can make the Nuevo Laredo-Laredo rail crossing more efficient. The ministry is also doing the same for the Ciudad Juarez-El Paso rail crossing. He believes both rail

lines have to move to the outskirts of the cities, but believes it will be a challenge finding money to fund the projects. Dychter mentioned that Mexican Foreign Ministry U/S of North America Geronimo Gutierrez plans to set a meeting with Governor Perry of Texas to discuss border projects.

¶4. (SBU) Dychter thinks the North American Development (NAD Bank) could be a possible funding source for such projects. It would allow companies to place competitive bids on projects and could help to reenergize the NAD Bank. Dychter hopes to see these types of topics enter into the bilateral transportation agenda over the next months. He said both sides have to focus on new investments and the success of a few tangible projects, and worry less about regulatory issues. He also feels the GOM needs to concentrate on intermodal corridors.

¶5. (SBU) On other transportation issues, Dychter stressed his belief that the aviation relationship is working extremely well. He said a key goal for the GOM is to conclude a Bilateral Aviation Safety Agreement (BASA) with the U.S. (Note: We did not raise open skies possibilities at this meeting, given Dychter's apparent plans to leave his post later this year. We believe it would be better to raise open skies options with a new top SCT team in 2007. End note.)

¶6. (U) Dychter encouraged the Embassy to meet with the Mexican Treasury (Hacienda) to discuss the broader use of NAD Bank. As is often the case with GOM officials and local economists, he added that North America should seek to develop an Infrastructure Investment Fund (IIF) to increase investment, employment, and growth. He insisted Mexico can

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commit its full fair share of the funds by using finances from its oil shares. Having just attended a conference in Guatemala with other Latin countries and Spain, Dychter said it was clear that Spain had doubled its investment capacity and benefited well in terms of infrastructure through the use of EU matching funds.

Comment

¶6. (SBU) Needless to say, we did not encourage Dychter's comments regarding an IIF. At the same time, it seems that the NAD Bank could be a credible funding source for mutually agreed priority transportation infrastructure projects, especially given new commitments by both governments to make the NAD Bank more effective. End comment.

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